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June 1, 2021

Senator Nancy Skinner, Chair  
Senate Budget Committee  
State Capitol Room 5094

Assembly member Phil Ting, Chair  
Assembly Budget Committee  
State Capitol, Room 6026

**RE: Full-Time Faculty Hiring and FON**

Dear Senator Skinner and Assembly member Ting:

On behalf of the Association of Chief Business Officers (ACBO) of the California Community Colleges, the professional association of those who manage our district budgets, we want to express our appreciation to you for your leadership in this extraordinary time of crisis and support of our institutions. Our colleges remain critical for the continued education and training of the frontline workers during this emergency and serving as an economic catalyst for our communities to recover from the recession.

We are grateful for many items proposed in the 2021-22 budget. We are particularly pleased to see the state propose a COLA well above the statutory 1.70% factor for the 2021-22 year, as additional general-purpose support allows districts to support staff who have made extraordinary efforts to maintain service for our students during a trying period and help to address increasing pension costs, which will be especially steep in the 2022-23 year. We also believe that using one-time resources to pay down debts, including cash deferrals, is a fiscally sound strategy. Also, the significant commitment toward reducing our backlog of deferred maintenance protects will support our colleges as we climb out of the pandemic.

However, we do have concerns with some of the proposals we see in the budget being contemplated by the Legislature, particularly with regard to the full-time faculty hiring funding. While we support and appreciate the Legislature's proposal to make progress on the goal of having 75% of our faculty either tenured or on the tenured-track, we believe there are significant issues worthy of discussion to prevent additional financial strain on districts already going through a financial stress test.

First, it is important to understand the enrollment declines faced by community colleges. The system had already been facing a significant decline (almost 8% between 2017-18 and 2019-20) in enrollment prior to the pandemic due to demographic factors. Since the pandemic, this decline has accelerated rapidly across the country. Colleges are reporting declines of 15% or more almost across the board since the pandemic began. Enrollment declines do not support hiring additional

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full-time faculty, as fewer course sections will be offered, not more. Excessive hiring in a declining enrollment environment can lead to painful budget reductions, layoffs, furloughs, etc., in future years when enrollment and corresponding funding is inadequate to support staffing commitments.

Second, it is impossible to consider this funding proposal without acknowledging issues concerning the Full-Time Faculty Obligation Number, more commonly referred to as the FON. Some districts have lower FONs than others because they were in a cycle of stability, restoration, stability several years in a row that effectively reduced their FONs. Other districts have higher FONs and/or are closer to the 75% goal by paying lower salaries to faculty to increase their numbers of full-time faculty. The methodology used to implement this program should be carefully considered both to not penalize districts who are already significantly over their required FONs and to avoid untenable hiring expectations for districts during a time of unprecedented uncertainty. Fairness and flexibility when implementing this proposal should be paramount.

Third, it is not the case that the average replacement cost of a full-time faculty position calculated for the FON penalty reflects the actual cost of hiring full-time faculty. By definition, an average cost will be insufficient for roughly half the districts, as they will have salaries well above average. Also, with the declines in enrollment, it is more likely that any new full-time hire is an entirely new position, not a conversion of an existing part-time position.

Finally, we note that the SCFF already incorporates a success element into our core funding. To the extent hiring more full-time faculty leads to student success, districts already have the incentive to act accordingly.

With these points in mind, we make the following recommendations for implementation should the proposal be funded in the final package:

- We strongly oppose any requirement to “rebench” the FON. Rebenching the FON locks in employment at staffing levels accrued during higher enrollment periods. If the FON were to be rebenched to a level at or near our peak enrollment, it would have a devastating impact on districts throughout the state that have seen the steepest declines in enrollments. Districts need flexibility to align staffing with changes in enrollment and funding.
- Compliance should be tiered. In the 2015 Budget Act, the state imposed differing expectations for new hiring by increasing the FON for districts in tiers, such that districts with low levels of full-time instruction had greater increases in their FON than districts that

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already had a high percentage of full-time instruction. This is a reasonable approach rather than a “one-size fits all” method.

- Flexibility. To the extent that increases in the FON do not result in the need for a district to hire more positions, they should be allowed discretion in how to use those funds. Allowing districts to utilize these funds based on local needs may help avoid fiscal crises and avoid reductions in classified staffing or other reductions that may be harmful to student success.

Lastly, if state leaders were to look for other uses of this funding, ACBO recommends mitigation of pension costs and/or creating an ongoing funding program for scheduled maintenance, professional development, or technology as sensible options.

Once again, we are thankful for the support of community colleges by both the Governor and Legislature. We only ask that you give careful consideration to prevent additional harm on our intuitions as we navigate our paths out of the pandemic, recession, and steep drop in student demand.

Please do not hesitate to contact us with any questions.

Sincerely,

Aaron S. Brown, CPA  
President-Elect  
Association of Chief Business Officials

cc:

Hon. John Laird, Chair, Senate Budget Committee #1  
Hon. Kevin McCarty, Chair, Assembly Budget Subcommittee # 2  
Members, Senate Budget Subcommittee #1  
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